

1 **Committee:** **COMMUNICATIONS, FINANCIAL SERVICES AND**  
2 **INTERSTATE COMMERCE**

3 **BUDGETS AND REVENUE**

4 **EXECUTIVE COMMITTEE TASK FORCE ON**  
5 **STATE AND LOCAL TAXATION**

6 **Policy:** **NCSL SUPPORTS PASSAGE OF THE FEDERAL**  
7 **DIGITAL GOODS & SERVICES TAX FAIRNESS**  
8 **ACT**

9 **Type:** **NEW RESOLUTION**

10

11 **Whereas:** Digital goods and services are online purchases that are downloaded  
12 directly by, or services that are provided electronically to, consumers that can transcend  
13 numerous state and local boundaries across the United States;

14 **Whereas:** The exponential growth of digital commerce has continued to facilitate the  
15 country's economic recovery. In 2012, consumers downloaded over 36 Billion apps and  
16 that number is expected to eclipse the 90 Billion mark by the end of 2015. The revenue  
17 from digital commerce was approximately \$18 Billion in 2012 and is expected to grow to  
18 \$46 Billion by 2016;

19 **Whereas:** State policymakers recognize that the continued deployment of broadband  
20 infrastructure and adoption of broadband services is vital to economic growth and  
21 participation in the global economy.

22 **Whereas:** Digital goods and services are a major driver of the rapidly growing 21<sup>st</sup>  
23 Century digital economy and as such, fair and rational tax policies are needed that will  
24 not impede the continued growth of this segment of the economy;

25 **Whereas:** Due to the complex nature of the way digital commerce is transacted,  
26 current state and local tax laws governing the taxation of sales transactions are  
27 outdated and ill equipped to address many of the issues that surface in taxing today's  
28 "borderless" digital economy;

29 **Whereas:** As state and local governments continue to seek to modernize their tax base  
30 to include various forms of digital commerce, doing so without establishing a national  
31 framework could potentially subject consumers to multiple states claiming the right to  
32 tax the same transaction or subject such transactions to discriminatory taxation at rates  
33 higher than the rates imposed on the in-state sales of similar goods or services;

34 **Whereas:** Establishing a national framework would clearly identify which state and local  
35 jurisdiction can tax a digital transaction, providing much needed certainty to consumers,  
36 providers required to collect such taxes and state and local governments seeking to tax  
37 such goods and services in a fair, uniform and rational manner;

38 **Whereas:** Establishing a national framework as set forth in the Digital Goods and  
39 Services Tax Fairness Act preserves state sovereignty as the decision to tax digital  
40 commerce or not remains solely with the states;

41 **Whereas:** the Mobile Telecommunications Sourcing Act (P.L. 106-252) established  
42 uniformity in sourcing mobile telecommunications services for state and local tax  
43 purposes using similar concepts to those contained in the Digital Goods and Services  
44 Tax Fairness Act;

45 **Whereas:** NCSL has worked with other state and local organizations as well as  
46 members of the Download Fairness Coalition to develop the principles contained in the

47 legislation and is poised to assist states as needed in complying with the federal  
48 legislation;

49 **Therefore Be It Resolved:** The National Conference of State Legislatures urges  
50 Congress to pass the Digital Goods and Services Tax Fairness Act, in conjunction with  
51 or after consideration of the Marketplace Fairness Act, to establish a national framework  
52 providing certainty and uniformity for state and local governments in the taxation of  
53 digital goods and services, while protecting consumers from multiple and discriminatory  
54 taxation and supporting the continued growth of the digital economy.

55 *Adopted by the NCSL Executive Committee Task Force on State and Local Taxation*

56 *May 31, 2013*